



# American Recovery and Reinvestment Act Weekly Update

NASBO's weekly update of Recovery Act related information



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For more information, contact  
Ben Husch at [bhusch@nasbo.org](mailto:bhusch@nasbo.org)  
or (202) 624-5949.

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This morning, the Office of Management and Budget (OMB), the Recovery Accountability and Transparency Board (RATB), and the Government Accountability Office (GAO) provided an update on the implementation and reporting of American Recovery and Reinvestment Act (ARRA) funds.

OMB began its presentation by addressing a memo outlining the most critical reporting issues put together by NASBO, the National Governors Association (NGA), and the National Association of State Auditors, Comptrollers, and Treasurers (NASACT). The first point, dealing with issues concerning the Federal Highway Administration (FHWA), has apparently been resolved. FHWA is expected to issue new guidance sometime next week after it is first approved by OMB later today. The guidance should address the issue regarding FHWA's insistence that the amount spent match the award total, even if those two figures were not actually the same. The second issue, regarding how the Department of Education (DOE) was classifying institutions of higher education (IHEs) as prime or sub recipients requires further research. One recommendation made in the memo to OMB was to align such classification based on previously existing GASB guidance. While OMB was receptive to this suggestion, they also questioned

year stating that states could recover 0.5 percent of Recovery Act funds for administrative purposes, certain agencies are capping recovery costs at significantly lower levels, including the Department of Education, which has instituted a cap of 0.1 percent for the State Fiscal Stabilization Fund program.

OMB noted that they were aware of the fifth point on the memo, which addressed the budget difficulties and staffing/capacity issues that were affecting states in their ability to implement and report on the Recovery Act. OMB was also notified how such issues affect states' ability to comply with additional reporting requirements such as DOE's monthly reporting requirements. Finally, OMB noted that of the 13,500 reports that had been erroneously duplicated during the second reporting period due to errors with not using the copy forward function, 95 percent had been "re-linked." OMB plans to highlight the use of the copy forward function to avoid such duplication during the April reporting period. OMB also plans to issue additional guidance late next week, although it will be directed at federal agencies dealing with improving data quality.

The Recovery Board provided a brief update noting that they were also working to better highlight the copy forward function, including not having it be the final chapter in its user guide. The Board is also in midst of making changes to the download centers as well as to other areas of recovery.gov in order to increase its usefulness by providing more detailed and useful information.

GAO provided an update on their latest bi-monthly report, which was released on Wednesday. They stated that overall, funds are flowing slightly faster than anticipated and they have not found any major deficiencies in program implementation. Additionally, they noted that the federal government has acted upon many of their previously issued recommendations. The one area they did note that could face some problems was the weatherization program under the Department of Energy. GAO issued a separate report on DOE's program implementation. Because of the nature of program, in that it relies heavily on contractors for implementation, such arrangements could lead to more challenges. GAO did note that they were glad to see the move to monthly reporting. GAO also noted that OMB should provide further guidance on how to calculate jobs for school districts when school is not in session. Additionally, the federal government should establish protocols for the continuous reporting update period and allow more time for federal agencies to review submitted data. The report did not contain specific state appendices, although such appendices will return in the future. Additionally, GAO's two mandates of bi-monthly and quarterly reporting on Recovery Act implementation will continue to be merged and the next report should be published in late spring or early summer.

NASBO held a conference call with the Department of Education on Tuesday, March 2, regarding the department's requirement for states to submit preliminary protocols and monitoring schedules for those institutions receiving SFSF funds. The overall message of the call was that the department was looking to work with states and that while March 12, was a hard deadline, they planned to issue comments on state submissions with the assumption that states would then be able to re-submit their plans at a later time. NASBO is helping to coordinate with states that wish to share their submissions or best practices with other states. Please contact NASBO for further information.

On March 4, the Department of Education announced that 15 states and the District of Columbia will advance as finalists for Phase 1 of the Race to the Top competition: Colorado, Delaware, the District of Columbia, Florida, Georgia, Illinois, Kentucky, Louisiana, Massachusetts, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, and Tennessee. Winners for Phase 1 will be chosen from among the 16 finalists (following presentations of their proposals to the same panel that reviewed their applications during the initial stage) and announced in April. Applications for Phase 2 are due on June 1, with finalists announced in August and winners announced in September. The number of Phase 1 winners will be based on the strength of the applications. While the Department does not have a predetermined amount of money to award in each phase, it anticipates no more than half of the money will be awarded in Phase 1 -- to ensure a robust competition in Phase 2. Further information on the awards can be found at <http://www2.ed.gov/news/pressreleases/2010/03/03042010.html>.

Also, last month, the Department of Education approved State Fiscal Stabilization Fund (SFSF) Phase 2 funding for Illinois, Massachusetts, and New Jersey. SFSF's Phase 2 application required states to supply data that will lay the foundation for education reform. State applications are being approved on a rolling basis. For more information please go to: <http://www2.ed.gov/programs/statestabilization/phase-ii-resources.html>.

Additionally, last week, the Department of Education issued proposed priorities for a new a \$439 million competition to support states, school districts, charter schools, and non-profit organizations in partnership with any of these entities in the development and implementation of performance-based compensation systems for teachers and principals. The goals are to increase educator effectiveness and student achievement in high-need schools. Applicants for the revamped Teacher Incentive Fund (TIF) will have the opportunity to apply for funding to develop differentiated pay systems that reward teachers and leaders who demonstrate their effectiveness in improving student learning, take on enhanced leadership roles, and serve in hard-to-staff schools or core subjects. Applicants that choose to apply through a special competition to participate in a rigorous evaluation study of

TIF would be awarded at least an additional \$1 million over the course of the five-year program and have access to applicant-specific evaluation results. Further information can be found at <http://www2.ed.gov/programs/teacherincentive/applicant.html>.

On March 2, the Office of the National Coordinator (ONC) for Health Information Technology released the last of three rules required by the HITECH Act provisions included in the American Recovery and Reinvestment Act. The March 2 rule explains the processes for organizations to apply for temporary or permanent authorization to become certification bodies. Since 2006, there has been only one certifying body for electronic health records. The HITECH Act provisions mandated that the federal government establish more certification bodies to accommodate HITECH's meaningful use (MU) proposal. Under the MU proposal, physicians and hospitals will have to demonstrate meaningful use of electronic health records to receive certain Medicare and Medicaid incentive payments designed to encourage adoption of health IT. The incentive payments are scheduled to start January 1, 2011. The ONC will accept comments for 30 days on the proposed rule for temporary certification and 60 days for the permanent certification, thereby easing concerns about the looming January 1, 2011, certification deadline. The proposed rule is available [here](#).

The Department of Energy (DOE) announced a new round of grant funding for projects that accelerate research and development into green technology and energy efficiency. The Advanced Research Projects Agency-Energy (ARPA-E) grants program will award \$100 million in grants to projects tackling problems related to grid-scale energy storage, electrical power technology and energy-efficient cooling technologies and air conditioners. Designed to identify and spur development of energy technologies, the program received \$400 million in funding from ARRA. DOE awarded more than \$150 million last October to a range of projects including energy storage, biofuels, carbon capture, renewable power, building efficiency and vehicles and is poised to announce another \$100 million in funding for projects for carbon capture and storage, batteries for electric vehicles and converting carbon dioxide into liquid fuels. For more information about ARPA-E, visit <http://arpa-e.energy.gov/>.

Finally, the Department of Labor's Employee Benefits Security Administration has updated the COBRA webpage to reflect the Temporary Extension Act of 2010, which can be found at <http://www.dol.gov/COBRA>.

The National Association of State Budget Officers  
444 North Capitol Street NW, Suite 642  
Washington, DC 20001  
p: (202) 624-5382 – f: (202) 624-7745